

UNITED STATES DEPARTMENT OF AGRICULTURE

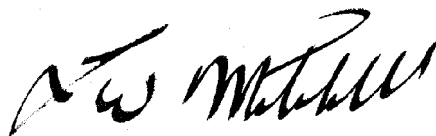
Farm Service Agency
Washington, DC 20250

Notice LD-488

For: State and County Offices

Small Hog Operation Payment (SHOP) II Program Spotchecks and Adjustments

Approved by: Deputy Administrator, Farm Programs



1 Overview

A

Background

SHOP I applications were subject to spot check and adjustments as provided in Notices LD-479 and LD-481.

SHOP II payments were authorized beginning August 1999 and applications:

- were accepted through September 24, 1999
- shall be subject to spotcheck.

B

Purpose

This notice provides procedures for:

- completing spotchecks
- required documentation
- COC action.

2 Spotcheck Procedure

A

Spotchecks

County Offices shall spot-check 5 percent, but no less than 1, of all approved FSA-1042's to ensure that the program is carried out according to approved policy and procedure.

Continued on the next page

Disposal Date	Distribution
August 1, 2000	State Offices; State Offices relay to County Offices

2 Spotcheck Procedure (Continued)

A

Spotchecks (Continued)

Use the following procedures to implement spotchecks.

- Select 1 out of every 20 hog operations approved for SHOP by **COB Friday, October 29, 1999.**
- Inform each contact producer of the selected hog operation by telephone that a spotcheck is being completed for the hog operation and to:
 - provide the name of the buyer of the hogs reported on FSA-1042
 - request supporting documentation according to subparagraph B.

Note: Record the name of the buyer on FSA-1042, Remarks Section.

B

Supporting Documentation

Inform the contact producer of the hog operation to provide, within 5 work days, copies of sales documents that show at least all of the following:

- name of buyer
- date of sale
- number of slaughter hogs and feeder pigs sold
- price received.

Note: Any hog operation that cannot provide the required documentation will be ineligible for SHOP on those slaughter hogs or feeder pigs.

C

Reviewing Documentation

When the supporting documentation is received in the County Office:

- make a copy, date stamp copy, and return originals to the contact producer
 - review sales documents to verify:
 - date of sale for slaughter hogs and feeder pigs is between July 1, 1998, through December 31, 1998
 - total number of slaughter hogs and feeder pigs sold does not exceed 2,499 head
 - attach supporting documentation to FSA-1042.
-

Continued on the next page

2 Spotcheck Procedure (Continued)

D

Completing Reviews

Complete spotcheck reviews within 60 calendar days after signup has ended. This table explains the action necessary based on results of the review.

IF the review verifies the slaughter hogs and feeder pigs...	THEN...
<ul style="list-style-type: none"> were marketed during the marketing period marketed does not exceed 2,499 head equals certified number 	no further action is necessary.
<p>were either of the following:</p> <ul style="list-style-type: none"> were not marketed during the marketing period marketed exceeds 2,499 head 	the hog operation is not eligible for SHOP and the entire payment must be refunded.
<ul style="list-style-type: none"> were marketed during the marketing period marketed does not exceed 2,499 head; however, documentation submitted raises concerns or questions about the hog operation's eligibility 	<p>COC must review and determine either of the following:</p> <ul style="list-style-type: none"> good faith misrepresentation, scheme, or device.

E

COC Determination

If COC:

- determines good faith, adjust payments in APSS accordingly
- cannot determine good faith and determines that misrepresentation, scheme, or device occurred, the hog operation is not eligible for SHOP and the entire SHOP payment must be refunded.

Continued on the next page

2 Spotcheck Procedure (Continued)

F

SHOP II Refunds and Adjustments

For hog operations that must refund payments because the hog operation has been determined out of compliance, interest will accrue at the CCC borrowing interest rate from the date of payment through the date the refund is received. Inform the producer of any amounts due according to 58-FI. If refunds are not paid by the due date, establish a claim according to 58-FI in the normal manner.

Refunds and corrections will be processed through APSS when software is available. State and County Offices will be notified in the future when the software is released.

3 Action

A

County Office Action

County Offices shall:

- document results of the spotcheck on FSA-1042, Remarks Section
 - notify State Offices of the spotcheck results at the completion of all spotcheck reviews as follows:
 - total number of FSA-1042's selected for spotcheck
 - total number of FSA-1042's with discrepancies
 - for FSA-1042's with discrepancies only:
 - hog operation name
 - discrepancy found
 - COC action
 - dollar amount of refund, as applicable.
-

B

State Office Action

State Offices shall:

- maintain a file of all spotcheck reports
 - send a memorandum summarizing the spotcheck results after the completion of the spotcheck procedure to PSD by FAX at 202-690-3307.
-